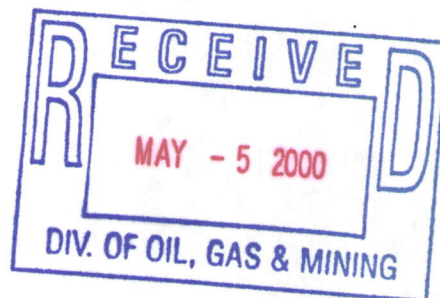


**American Gilsonite Company**

Bonanza Minesite

HC 73 Box 28

Vernal Utah 84078-9284 • Phone (435) 789-1921 • Fax (435) 789-1956



May 5, 2000

Tony Gallegos
Utah Division of Oil, Gas, and Mining
801-359-3940

Re: Justification for not attempting to remove topsoil I-12 minesite

Dear Tony,

The way a Gilsonite mine is constructed results in no loss of topsoil and the only damage is some compaction, which is easily reversed. The vegetation is striped off for fire protection and some leveling is required. But, the site does not need to be perfectly level like an oil well site. There is not a lot of digging, which would result in the topsoil being buried. Concrete footers are placed on top of the ground making them easy to remove later.

From past experience in reclaiming these sites, there is no difference in success whether the topsoil was striped and saved or not.

At the I-12 site the topsoil is very thin (less than 2" in most places.) There are also a lot of large rocks. Attempts to salvage the topsoil would only result in the topsoil being mixed with a lot of rock. When this material is spread over the site the result would be much poorer reclamation success.

Thank you,

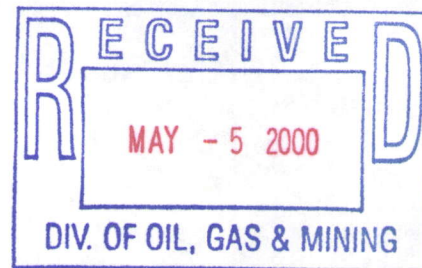
A handwritten signature in black ink, appearing to read 'Meldon Kunz'.

Meldon Kunz
Mine Supt.

Nk
cc. Earl White

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May 5, 2000

Tony Gallegos
Utah Division of Oil, Gas, and Mining
801-359-3940

Dear Tony,

You may want to like to review the following information while analyzing the surety bonding requirements for our mine sites.

The E-23 site should be listed as E-30W it is an active escapeway site on patented land (White River 24) and has 0.5 acre disturbed.

E-27 is a new mine site which should be added to the list at 1.0 acre.

E-28 is an escapeway and should be listed as 0.5 acre.

E-31 and I-30 seem to have two forms of surety, which should not be necessary. Either the acreage should be deducted from the DOGM list or we should be allowed to cash the CD's. I do not understand why there is any bond at all on ML-31999 as there is no disturbance on that lease and to my knowledge there never has been any proposed. The land ownership for I-30 has changed from Utah to BLM.

I-15 has had all equipment removed except a small compressor building.

B-12 is an escapeway and should be listed as 0.5 acre.

B-14 is a pre-law site. The only recent activity was that a pump was installed in the old shaft. This resulted in no surface disturbance. This site probably should not be listed. However, if you feel that it should, the only reclamation required would be a concrete cover over the shaft and a little clean up. The pump has already been removed.

B-40 has no equipment on the site. It requires a concrete cap and seeding.

WH-12 is all reclaimed except removal of the some scrap and the derrick, which is lying down, and seeding.

WH-17 is a new one-acre site on fee land.

LE-4 is ready for release.

LE-10 is a pre-law site, which has been reactivated. Disturbed area is 1.0 acre.

LE-16 needs some concrete piers removed, the topsoil spread out, and seeded.

LE-17, LE-18, and LE-19 were old sites that were reopened and called LE-19, which is probably the reason LE-19 was listed twice. The area is ready for release.

LE-20 needs to be seeded.

H-2 needs a concrete cap and seeded.

R-1 is ready for release.

R-2 needs the concrete cap replaced.

R-3 site is currently leased to Ubet Cellular for an antennae site. Disturbed acreage is 0.26 acre. The rest of the site is ready for release.

R-4 needs two small concrete caps.

Thank you for your time in considering this information,



Neldon Kunz
Mine Supt.

nk
cc. Earl White